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FM AMEMBASSY ATHENS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2173
INFO RUEHAK/AMEMBASSY ANKARA 5218
RUEHKB/AMEMBASSY BAKU 0213
RUEHMO/AMEMBASSY MOSCOW 1026
RUEHSF/AMEMBASSY SOFIA 1610
RUEHUP/AMEMBASSY BUDAPEST 0530
RUEHBM/AMEMBASSY BUCHAREST 0972
RUEHFR/AMEMBASSY PARIS 1484
RUEHMD/AMEMBASSY MADRID 1292
RUEHRO/AMEMBASSY ROME 4404
RUEHSI/AMEMBASSY TBILISI 0410
RUEHTH/AMCONSUL THESSALONIKI 1915
RHMFISS/DEPT OF ENERGY WASHINGTON DC
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L ATHENS 001019

DEPT ALSO FOR E AND EUR (BRYZA)

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TAGS: [ENRG](#) [EPET](#) [GR](#)

SUBJECT: GAZPROM "REPAIR ISSUES" LEAVE GREECE WITH FIVE DAYS OF GAS

REF: COWAN-PRICE 7/16 TELCON

Classified By: A/DCM Clark Price for Reasons 1.4 (b,d)

¶1. (C) Claiming the need to undertake extensive "repair works" on its natural gas pipeline through Bulgaria, Gazprom has drastically reduced gas flows to Greece. According to Natural Gas Company of Greece (DEPA) President Makis Papageorgiou in a July 16 conversation with A/DCM, the cuts leave Greece with five days of gas reserves (primarily LNG reserves at the Revythoussa terminal near Athens) at a time when there is no spot market availability. Papageorgiou feels he has found a way to overcome the Russian supply problem by obtaining additional supplies from Turkey over the short term and through the spot market over the longer term.

¶2. (C) Papageorgiou explained that he has convinced BOTAS to sign on July 17 an emendation to its current .75 bcm/annum supply contract with DEPA. This foresees BOTAS making up for below-contract level deliveries over the first half of 2008 with greatly increased deliveries now. Papageorgiou emphasized that, in spite of DEPA's rights under the contract to charge DEPA penalties for the delayed supplies, DEPA has no intention to do so and in fact is greatly appreciative of BOTAS' willingness to come to Greece's assistance now.

¶3. (C) Over the longer term, Papageorgiou said he believes he will be able to obtain spot market supplies as of August at a level that will allow DEPA to make up for reduced Russian supplies. Papageorgiou said he has received indications from the Italian firm ENI that it will be able to send Greece an LNG cargo by the beginning of August. Papageorgiou is in talks with Gas Natural of Spain and with Gaz de France as well. He is hopeful to be able to conclude a solid LNG supply agreement with the latter firm after a trip he is scheduling to take to Paris in the near future.

¶4. (C) Comment. Papageorgiou said he believes Gazprom's real reason for reduced supplies has nothing to do with "repair work" but is rather an attempt to squeeze DEPA to allow Gazprom direct access to the Greek market through Gazprom's Greek daughter firm Prometheus. (Note: Gazprom is a 75% owner of Prometheus; the rest of the firm is held by the Copelouzos group of Greece.) He notes that Gazprom has repeatedly told DEPA since the beginning of the year that it will provide Greece with natgas supplies above and beyond its current contractual rate of 2.8 bcm/annum under one condition: that it provides the additional supplies through

Prometheus and not DEPA. DEPA has consistently refused the Russian demand; Papageorgiou believes Gazprom has now decided to put some real bite behind its bark. Thanks to Turkey, it looks like this dog won't hunt.

SPECKHARD